

APPENDIX A

TIP SHEET - RENTAL

- Both new construction and rehabilitation (including conversion and preservation) of rental units are eligible activities. Transitional housing is also an eligible rental activity.
- All HOME-assisted units shall be rented to households with incomes at or below 80% of the area median income. At initial occupancy, 100% of the units shall be rented to households with incomes at or below 60% of the area median income and, for projects with 5 or more HOME-assisted units, at least 20% of the units shall be rented to households with incomes at or below 50% of the area median income. A list of area median income levels by county is on the IFA website.
- All HOME-assisted units must rent at the lesser of the area fair market rents established by HUD or at the high HOME rent limit. For projects with five or more units, 20% of the HOME-assisted units shall rent at the lesser of the fair market rent or the low HOME rent limit. If tenants will pay their own utilities, then a utility allowance (generally provided by the local public housing authority) must be included in rent calculations.
- HOME-assisted units must remain affordable for a specific period. The affordability periods are 20 years for all newly constructed units; 15 years for rehabilitated units receiving over \$40,000 per unit; 10 years for rehabilitated units receiving \$15,000 to \$40,000; and 5 years for rehabilitated units receiving less than \$15,000. Long-term affordability for rental activities must be secured by covenants or deed restrictions.
- The maximum amount of HOME assistance per rental unit is the locality specific 221(d)(3) Maximum Mortgage Limit for Elevator Construction and the minimum is \$1,000. The maximum amount of HOME assistance per project is \$1,000,000.
- All units must be constructed or rehabilitated in accordance with locally adopted and enforced building codes, standards and ordinances. In their absence, the requirements of the Iowa State Building Code apply.

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